

DISCLOSURE ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

AUG - 1 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Billed Party Preference)
For 0+ InterLATA Calls)

CC Docket No. 92-77

COMMENTS OF ANCHORAGE TELEPHONE UTILITY

In its Further Notice of Proposed Rulemaking, the Commission tentatively concluded that the benefits of Billed Party Preference ("BPP") outweigh its costs, and invited comment on this cost/benefit analysis. The Municipality of Anchorage d/b/a Anchorage Telephone Utility ("ATU") respectfully submits these comments to provide information on the increased costs that local exchange carriers ("LECs") in Alaska will incur in implementing BPP. ATU also comments on cost recovery issues and the need to implement BPP for intrastate calls in Alaska.

A. Costs of Providing BPP in Alaska

The Commission has recognized that BPP is an expensive technology, and that independent LECs are likely to face greater burdens than Regional Bell Operating Companies in implementing BPP. But due to unique circumstances in Alaska, ATU and other Alaskan LECs will face perhaps the greatest costs and hurdles in implementing BPP.

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Neither ATU nor any other LEC in Alaska has an operator service switch ("OSS") for processing 0+ or 0- calls.^{1/} The Commission has proposed that LECs that do not provide their own operator services will send their 0+ or 0- traffic to another LEC. For LECs in Alaska, this would involve transporting calls over a thousand miles to an OSS-equipped LEC in the lower 48. At best, this would be a costly process.

The only other option available to ATU would be to purchase the necessary software to provide its own OSS services, which again would require ATU to incur significantly higher costs. Based on price quotes from its software vendor, ATU estimates that its costs to self-provide OSS services are 2 to 5 times the average per-line costs of large LECs.^{2/}

B. Intrastate BPP

One of the benefits of BPP is that it will simplify dialing patterns for interstate 0+ and 0- calls thereby allowing consumers to bill calls to their preferred carriers easily and with minimal confusion. Callers will no longer need to dial access

^{1/} ATU does have an operator center for the provision of directory assistance, but no toll traffic is processed in this center.

^{2/} For example, Bell Atlantic estimates that its total non-recurring costs for providing BPP are \$125.5 million. Bell Atlantic has approximately 18.2 million access lines (see Federal Communication Commission, "Statistics of Communications Common Carriers" at 3 (1992-93 ed.)), yielding a per-line cost of about \$7.00. Conceivably, all Alaskan LECs could join in a single OSS. As yet, there is no indication of interest in such an approach. Moreover, given the vast distances between LECs in Alaska, the costs of a centralized approach would almost certainly exceed the per-line costs of a comparable number of access lines in the lower 48.

codes or find that they are unable to use their calling card at a particular payphone. Indeed, the Commission has decided to extend BPP requirements to independent LECs -- despite the increased costs that these LECs will face -- to ensure universal dialing requirements throughout the United States. The Commission noted that "[o]therwise, different rules for different locations would confuse callers, and undermine the benefits of simplified operator service calling." Further Notice, ¶ 49.

However, the very confusion that the Commission is seeking to avoid will be created if BPP is not implemented for intrastate calls. In such states, consumers will undoubtedly think that they are using BPP to obtain their preferred operator service provider ("OSP") only to later receive a bill from an unwanted -- and possibly unknown and unreasonably expensive -- OSP. The Commission has expressed confidence that states will implement BPP for intrastate calls, and that therefore such problems will not arise. This confidence, however, may be misplaced.

In Alaska, for example, the premises owner, not the billed party, chooses the OSP that will carry an operator assisted call. The Alaska Public Utilities Commission recently adopted regulations that require that all 0+, no plus,^{3/} 1+ and 0- intrastate calls be connected to the OSP chosen by the premises owner. This presents an enormous potential for customer confusion. Accordingly, to ensure that

^{3/} Currently, ATU customers are able to place intrastate toll calls without dialing a leading 1 or 0 before the number. This option will cease to exist with the advent of 10 digit dialing effective January 1, 1995.

universal dialing patterns are available throughout the United States, the Commission should implement BPP for intrastate calls.

C. Cost Recovery

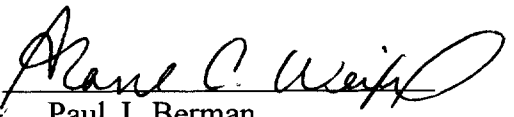
The costs of providing BPP will be substantial for all LECs, and LECs in some regions will face extraordinarily high costs. In developing its cost recovery method, the Commission must allow LECs fully to recover their costs of providing BPP. While the Commission apparently supports this principle, its proposals may well jeopardize its achievement.

In particular, the Commission has tentatively decided not to modify its cost separation rules for BPP costs recovery. As a result, a significant portion of BPP costs apparently will be allocated to the intrastate jurisdiction, even if BPP is not implemented for intrastate calls. In those states, intrastate callers will not receive the benefits of BPP, and therefore should not have to bear any of its costs. Accordingly, the Commission's separation rules for BPP must be modified so that, if

BPP is not implemented for intrastate calls, LECs and their customers will not be burdened with any intrastate BPP costs.

Respectfully submitted,

ANCHORAGE TELEPHONE UTILITY

By 
Paul J. Berman
Alane C. Weixel
Covington & Burling
1201 Pennsylvania Avenue, N.W.
P.O. Box 7566
Washington, D.C. 20044-7566
(202) 662-6000

Its Attorneys

August 1, 1994